II Accounting for Interfund Transfers

This chapter describes the accounting activities and corresponding procedures for two categories of interfund transfers-in CALSTARS, operating transfers and expenditure transfers.

Operating transfers and interfund loans are different accounting events although they sometimes post to the same general ledger (GL) accounts. For information about interfund loans, refer to Volume 3, Chapter IV, Accounting for Interfund Loans.

ACCOUNTING PROCEDURES FOR OPERATING TRANSFERS

Operating transfers occur when monies are transferred between funds. The authority for operating transfers may be constitutional, statutory or the Budget Act. Examples of operating transfers are:

✪ Legally authorized transfers from a fund receiving revenue to the fund that is making the expenditures;

✪ Transfers from the General Fund to a Special Revenue or Capital Projects Fund;

✪ Operating subsidy transfers from the General or Special Revenue Funds to an Enterprise Fund; and

✪ Transfers from an Enterprise Fund to finance General Fund expenditures.

The fund from which the amount is or will be transferred is called the **transferor fund** (Operating Transfers Out). The fund that receives or will receive the transferred amount is the **transferee fund** (Operating Transfers In).

Operating transfers activity is posted to the GL accounts as listed below:

✪ GL 8000-Revenue - Receipts are posted to Revenue when money comes into the transferor fund.

✪ GL 9000-Expenditures – The payment of goods or services are posted as expenditures in the transferee fund.

✪ GL 9811-Operating Transfers In - An amount is recorded in the transferee fund when it is received from the transferor fund. The amount is typically posted in CALSTARS upon receipt of the SCO JE.

✪ GL 9812-Operating Transfers Out - An amount is transferred from the transferor fund to the transferee fund in accordance with the Budget Act or Statute. The amount is recorded in the transferor fund and is typically posted in CALSTARS upon receipt of the SCO journal entry (JE).

CALSTARS Activities

The following sections provide instructions for operating transfers activity.

ESTABLISHING TABLES
The following tables are established in CALSTARS for Operating Transfers In and Operating Transfers Out activity. Refer to Volume 2, Chapter IV, Table Maintenance, for more information.

Budget Sequence (BS) Table:

The SCO typically posts a budget for Operating Transfers Out in the transferor fund. TC 010 is used to record the budget for the Operating Transfers Out. The BS Table entry must be established prior to posting the TC 010 if the OC Table BUD SEQ indicator is **Y**. BS Table entry **001** may be used for this purpose.

A BS Table entry is not needed for Operating Transfers In. Operating Transfers In accounts are never scheduled, and the SCO does not post a budget for them.

Appropriation Symbol (AS) Table:

A unique Appropriation Symbol should be established in CALSTARS for each operating transfers account maintained by the SCO. The table below includes coding conventions for operating transfers. Refer to Volume 2, Chapter IV-AS, for complete coding information.

Data Element	Description
Account Type	For the fund **making** the transfer (Operating Transfers Out), use the SCO's Category Code or **00** if blank. For the fund **receiving** the transfer (Operating Transfers In), use **RR**.
Program	Leave blank.
Character	Normally related to Support. Use **1**.
Reference	For the fund **making** the transfer (Operating Transfers Out), use the SCO's Reference. For the fund **receiving** the transfer (Operating Transfers In), use **980**.
SCO Account Segment – Account Type	For the fund **making** the transfer (Operating Transfers Out), use **T**. For the fund **receiving** the transfer (Operating Transfers In), use **R**.
SCO Account Segment – Control Type	For the fund **making** the transfer (Operating Transfers Out), use **C**. For the fund **receiving** the transfer (Operating Transfers In), use **Q**.
SCO Account Segment – Revenue Account	Leave blank.
Allotment Object Level Indicator	Use **0**. Transactions for operating transfers do not post to the Allotment File.
Reversion Indicator	Use **0.** Generally, operating transfers accounts are for only one year. At year-end, agencies may change the indicator to **1** to facilitate the management of the account balance that may not be available to the agency in the new year.

EXHIBIT II-1
OPERATING TRANSFERS ACCOUNTING ACTIVITIES

	Transferor Fund Activity	Transferee Fund Activity
1	**Record a budget (transfer authorization per Budget Act, statutory, or Constitution) in the <u>transferor fund</u>:**	

	Record an original appropriation:
	
	  TC 010 - Record an Original Appropriation
	
	    Dr. 6120 Appropriations-Offset
	      Cr. 6110 Appropriations
	
	Note: SCO posts a budget for Operating Transfers Out by debiting GL 5510 - Fund Balance-Appropriated and crediting GL 6030 - Appropriations. Budget Sequence (BS) **001** may be used if the OC Table BUD SEQ indicator is **Y**.
		Note: SCO does not post a budget for Operating Transfers In accounts.

2	**Record transfer (Operating Transfer Out) from <u>transferor fund</u>:**	**Record receipt (Operating Transfers In) into <u>transferee fund</u>:**

	Record transfer (Operating Transfers Out):
	
	  TC 481 – Record Operating Transfers Out
	
	    Dr. 9812 Operating Transfers Out
	      Cr. 1140 Cash in State Treasury
	
	Use Object Detail **626** for transfers.
	
	Use Subsidiary **nnnn0000**, where nnnn identifies the transferee fund. Note: Subsidiary must first be defined in the D32 Table for GL 9812.
		Record receipt (Operating Transfers In):
		
		  TC 483 - Record Operating Transfers In
		
		    Dr. 1140 Cash in State Treasury
		      Cr. 9811 Operating Transfers In
		
		Use Source **3nnnn0**, where nnnn identifies the transferor fund.
		
		Use Subsidiary **nnnn0000**, where nnnn identifies the transferor fund. Note: Subsidiary must first be established in the D32 Table for GL 9811.

EXHIBIT II-1 (Continued)
OPERATING TRANSFERS ACCOUNTING ACTIVITIES

	Transferor Fund Activity	Transferee Fund Activity
3	**Record accrual at year-end for transfer (Operating Transfers Out) from <u>transferor fund</u>:**	**Record accrual at year-end for receipt (Operating Transfers In) into <u>transferee fund</u>:**

	Record accrual of Operating Transfers Out to other funds:
	
	  TC 579 – Accrue Operating Trans-Out as Due to Other Funds
	
	    Dr. 9812 Operating Transfers Out
	      Cr. 3110 Due to Other Funds or Appropriations
	
	Use Object Detail Code **626 for transfers**.
	
	Use Subsidiary number **nnnn0000**, where nnnn identifies the transferee fund.
	
	<u>Note</u>: Subsidiary number must first be defined in the D32 Table for GL 3110 and GL 9812.
		Record accrual of Operating Transfers In from other funds:
		
		  TC 260 – Record Accrual OpTrans-In as Due from Other Funds
		
		    Dr. 1400 Due From Other Funds or Appropriations
		      Cr. 9811 Operating Transfers In
		
		Use Source **3***nnnn***0**, where nnnn identifies transferor fund.
		
		Use Subsidiary number **nnnn0000**, where nnnn identifies the transferor fund.
		
		<u>Note</u>: Subsidiary number must first be defined in the D32 Table for for GL 1400 and GL 9811.

4A 4B	**Record an adjustment to the year-end accrual for Operating Transfers Out from the <u>transferor fund</u>:**	**Record an adjustment to the year-end accrual for Operating Transfers In into the <u>transferee fund</u>:**

	Decrease Operating Transfers Out accrual:
	
	  TC 487 – Adjust Decrease Due to Other Funds-Op Trans Out
	
	    Dr. 3110 Due to Other Funds or Appropriations
	      Cr. 9812 Operating Transfers Out
	
	Increase Operating Transfers Out accrual:
	
	  TC 484 – Adjust Increase Due to Other Funds- Op Transfer - Out
	
	    Dr. 9812 Operating Transfers Out
	      Cr. 3110 Due to Other Funds or Appropriations
	
	Use Object Detail Code **626** with both entries.
	
	Use Subsidiary number **nnnn0000**, where nnnn identifies the transferee fund.
	
	<u>Note</u>: Subsidiary number must first be defined in the D32 Table for GL 3110 and GL 9812.
		Decrease Operating Transfers In accrual:
		
		  TC 265 – Adjust Decrease OpTrans-In/Due from Other Funds
		
		    Dr. 9811 Operating Transfers In
		      Cr. 1400 Due From Other Funds or Appropriations
		
		Increase Operating Transfers In accrual:
		
		TC 265R or TC 260 - Adjust Increase Decrease OpTrf-In
		
		    Dr. 1400 Due From Other Funds or Appropriations
		      Cr. 9811 Operating Transfers In
		
		Use Source **3***nnnn***0**, where nnnn identifies transferor fund.
		
		Use Subsidiary number **nnnn0000**, where nnnn identifies the transferor fund.
		
		<u>Note</u>: Subsidiary number must first be defined in the D32 Table for GL 1400 and GL 9811.

ACCOUNTING PROCEDURES FOR EXPENDITURE TRANSFERS

Expenditure transfers typically occur from the General Fund to Special Funds and between Special Funds. Expenditure transfers are displayed in the Governor's Budget as part of the expenditures in the transferor fund and as "Less Funding Provided By" (negative expenditures), in the transferee fund.

Expenditure transfers activity is posted to the following GL accounts as described below:

✪ GL 8000-Revenue - Receipts are posted to revenue when money is received by the transferor fund.

✪ GL 9000- <u>Debit</u> to Expenditures. An amount is transferred from the transferor fund to the transferee fund. The amount is recorded in the transferor fund and is displayed on a SCO JE.

✪ GL 9000- <u>Credit</u> (negative) to Expenditures - An amount is recorded in the transferee fund when it is received from the transferor fund. This entry, generally posted from an SCO JE in response to the Governor's Budget for 'Less Funding Provided By', is unique to expenditure transfers.

✪ GL 9000- Debit Expenditures. An amount is recorded in the transferee fund when goods and services are received.

Note that expenditure transfers post to GL 9000, Expenditures, in both the transferor and transferee funds. As a result, the transferor fund reflects the expenditure although the transferee fund makes the payment(s).

CALSTARS Activities

The following sections provide instructions for recording expenditure transfers activity.

ESTABLISHING TABLES
The following tables are established in CALSTARS for expenditure transfers activity. Refer to Volume 2, Chapter IV, Table Maintenance, for more information.

Budget Sequence (BS) Table:
Expenditure transfers are typically scheduled (appropriated) per the Budget Act. The SCO posts appropriation budgets for expenditure transfers (SCO Account Type **D**) accounts. TC 010 is used to record the budget for the expenditure transfers. The BS Table entry must be established prior to posting the TC 010 if the OC Table BUD SEQ indicator is **Y**. BS Table entry **001** can be used for this purpose.

Appropriation Symbol (AS) Table
A unique Appropriation Symbol should be established in CALSTARS for each expenditure transfers account maintained by the SCO. The table below includes coding conventions for expenditure transfers. Refer to Volume 2, Chapter IV-AS, for complete coding information.

Data Element	Description
Account Type	If the SCO Category field is blank, use **00** for the transferor fund and the transferee fund.
Program	If the SCO Program is blank, leave blank.
Character	Use **1** for Support, **2** for Local Assistance, or **3** for Capital Outlay.
Reference	Use the SCO Reference.
SCO Account Segment – Account Type	Use **D**.
SCO Account Segment – Control Type	Use **C**.
SCO Account Segment – Revenue Account	Leave blank.
Allotment Object Level Indicator	Use **0**. Expenditure transfers transactions are not generally tracked in the Allotment File.
Reversion Indicator	Use **0.** Generally, Expenditure transfers accounts are for only one year. At year-end, agencies may change the indicator to **1** to facilitate the management of the account balance that may not be available to the agency in the new year.

Typically, an account is established by the SCO in the transferor fund as soon as the annual Budget Act has been signed; however, the SCO may establish the budget in the transferee fund when the actual transfer (credit expenditure) occurs.

PCA Table:
Accounting transactions for expenditure transfers require a PCA number. The table below includes coding conventions. Refer to Volume 2, Chapter IV-PA, for additional coding information.

Data Element	Description
PCA Type	If direct expenditures, use **1**.
Program	Use Program **95** unless the SCO specifically identifies a program for the expenditure transfers account. Use the funding source per the UCM or Fund Source **Z**.
Disbursement Fund Information	Disbursement Fund information should be the same as Fund (Split) Distribution information. The Clearing Account is not typically used for expenditure transfers.
Allotment Program Level Indicator	Use **0**. Transactions for expenditures transfers are generally not tracked in the Allotment File.